

BILL ANALYSIS

By: Santiesteban

S.B. 585
Enrolled

BACKGROUND:

Currently, Chapter 17, Water Code, governs the operation of the Water Development Fund by the Texas Water Development Board. The sale of bonds by the board as well as the process by which bond proceeds are loaned out to cities and other political subdivisions are addressed in this chapter. It has been suggested that greater clarity of this chapter would be helpful, as changes in the chapter over the years have made interpretation difficult.

PURPOSE:

As proposed, S.B. 585 clarifies and recodifies applicable sections under Chapter 17, Water Code.

RULEMAKING AUTHORITY:

It is the committee's opinion that this bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS:

SECTION 1. Amends Chapter 17, Water Code, as follows:

Chapter 17. Public Funding
Subchapter A. General Provisions

Sec. 17.001. Adds the definitions of "political subdivision," "water supply project," "construction," "treatment works," "water quality enhancement," "water quality enhancement funds," "flood control funds," "floodplain management plan," "nonstructural flood control," "structural flood control," "floodplain," "financial assistance," "lending rate," and "regional facility."

Sec. 17.002. Requires nonprofit water supply corporations receiving assistance under this chapter to be subject to Chapter 271, Article 6252-17, and Chapter 424, Article 6252-17a, V.T.C.S.

Subchapter B. Water Development Bonds

Sec. 17.013. Authorizes the board to sell an installment or series of bonds at prices determined by the board.

Sec. 17.014. (b) Allows the board to authorize notes or bonds to bear the maximum rates allowable by law. (c) Sets forth allowable interest rates. (d) Provides for designated officers, state employees or agents of the board to adjust interest rates on bonds or notes.

Sec. 17.029. Provides for the issuance or sale of refunding bonds in a manner provided by applicable statute.

Sec. 17.035. Provides for the cumulative nature of this subchapter. Provides that this subchapter is sufficient authority for issuance of bonds and other subchapter obligations. Authorizes the board to use provisions of other applicable laws in the issuance of its bonds and other obligations.

Subchapter C. Funding Provisions

Sec. 17.072. (b) Renames the account wherein the proceeds from the sale of water development bonds and of political subdivision bonds are deposited to "water supply account." (c) Renames account to "water supply account" and allows such account to be used for any water supply project. (g) Allows the state participation account to be used for projects defined by Chapter 16 of this code.

Sec. 17.077. Makes nonsubstantive conforming changes in the language.

Sec. 17.083. Allows board to invest certain monies credited to the development and sinking fund. Makes nonsubstantive changes in the language.

Sec. 17.086.-Sec. 17.088. Deletes language relating to interest and sinking fund and development fund investments. Renumbers subsections.

Subchapter D. Assistance to Political Subdivisions for Water Supply Projects

Sec. 17.121. Renames water development account as "water supply account" and allows such account to be used for water supply projects.

Sec. 17.122. Sets forth application requirements for financial assistance for a water supply project.

Sec. 17.123. Requires the executive administrator to make a written finding prior to delivering funds. Makes nonsubstantive changes in the language.

Sec. 17.124. Changes the language to refer to water supply projects.

Sec. 17.125. Sets forth required findings for board approval of financial assistance for water supply projects.

Sec. 17.126.-Sec. 17.128. Renumbers the sections to make nonsubstantive changes.

Subchapter E. Provisions Generally Applicable to Financial Assistance

Sec. 17.171. Defines "project" for this subchapter.

Sec. 17.172. Provides the applicability of this subchapter.

Sec. 17.173. Sets forth methods of financial assistance. Changes reference to section.

Sec. 17.174. Allows the board to make binding commitments to provide financial assistance for projects within this code conditioned on the future availability of funds.

Sec. 17.177-Sec. 17.180. Renumbers sections and changes a reference from Section 17.126 to Section 17.173.

Sec. 17.181. Allows the board to sell bonds purchased with money in the water supply account, the water quality enhancement account, or the flood control account.

Sec. 17.182. Requires proceeds from the sale of bonds held by the board to be credited to the account from which financial assistance was made to the political subdivision, excepting interest thereon.

Sec. 17.183. Renumbers section. Makes nonsubstantive changes to language.

Sec. 17.184. Renumbers section.

Sec. 17.185. Renumbers section.

Sec. 17.186. Requires the executive administrator, rather than the development fund manager, to authorize alterations in engineering plans after original approval.

Sec. 17.187. Sets forth what the executive administrator, rather than the development fund manager, may consider in declining a certificate of approval.

Sec. 17.188. (a) Allows a political subdivision to issue and sell bonds for the purpose of constructing projects to obtain financial assistance under this chapter. (b) Allows the political subdivision to issue and sell bonds as provided by this section and to create an encumbrance thereon by a majority vote of the governing body of the political subdivision notwithstanding any law to the contrary.

Subchapter F. Financial Assistance for Water Quality Enhancement Purposes

Sec. 17.273. Renumbers section.

Sec. 17.274. Renumbers section. (a) Sets forth application requirements for financial assistance for water quality enhancement purposes. (b) Requires applicant

to include any current water conservation programs in the application. (c) Requires applicant to include exceptions under Subsection (d), Section 17.277 of this code in the application.

Sec. 17.275. Renumbers section. Provides consideration for board decisions on applications for water quality enhancement purposes.

Sec. 17.276. Renumbers section.

Sec. 17.277. Sets forth requirements for board application approval. Requires each applicant to adopt a water conservation program before the board grants the application, and sets forth possible contents of such program. Requires the board to establish a program to assist political subdivisions in developing water conservation plans. Provides exceptions to the required program of water conservation. Allows a contractual alternative to water conservation plans when a political subdivision will use the project to service another political subdivision. Sets forth requirements of rules adopted under this section.

Sec. 17.278. Requires an applicant to obtain a permit for the construction and operation of a wastewater treatment plant, including approved plans and specifications, prior to board approval of funds.

Sec. 17.279. Renumbers section.

Subchapter G. Financial Assistance for Flood Control

Sec. 17.773. Renumbers section. Provides application requirements for financial assistance for flood control purposes.

Sec. 17.774. Provides criteria for board consideration of an application for financial assistance for flood control purposes.

Sec. 17.775. Provides for financial assistance under this section specifically for flood control purposes.

Sec. 17.776. Changes the reference in this section to the factors listed in Sec. 17.774 and sets forth required board findings.

SECTION 2. Amends Section 15.102, Water Code, by adding Subsection (b), to allow the loan fund to be used to provide grants for certain projects.

SECTION 3. Amends Section 15.103(a), Water Code, to set forth required information applicants must include when applying for financial assistance from the loan fund.

SECTION 4. Amends Section 15.104, Water Code, to retitle the section and prohibit the board from delivering funds pursuant to an application for financial assistance until the executive administrator makes a written finding.

SECTION 5. Amends Section 15.105, Water Code, by adding Subsection (5) to require the board to consider regulatory efforts by the county in which the project is located for grants to economically distressed areas.

SECTION 6. Amends Section 15.107(a), Water Code, to allow the board to provide financial assistance to successful applicants in any manner that it considers economically feasible.

SECTION 7. Chapter 15, Water Code, is amended by adding Sec. 15.116, to allow the board to sell or dispose of bonds or other obligations purchased with money in the water loan assistance fund.

SECTION 8. Amends Section 5.211(c), Water Code, to allow certain investments of money credited to the special reserve fund.

SECTION 9. Amends Section 16.001, Water Code, by deleting certain definitions and renumbering them accordingly.

SECTION 10. Amends Sections 16.131 and 16.136, Water Code, as follows:

Sec. 16.131. Authorizes the board to use the state participation account of the development fund to encourage regional development of certain projects.

Sec. 16.136. Authorizes the board to acquire up to 50% of any facility to the extent that the political subdivision meets certain requirements.

SECTION 12. Effective date: September 1, 1987.

SECTION 13. Emergency Clause.

CCS 12.8.88